



Mental Health Service Act Housing Program

**MHSA Housing Is Built:
Conversion and Transition to
Asset Management**

May 2012

What is Supportive Housing?

A cost-effective combination of permanent affordable housing with services that helps people live more stable, productive lives.

Features of Permanent Supportive Housing

Permanent Rental Housing

- Each resident holds lease on his/her own unit
- Resident can stay as long as he/she pays rent and complies with terms of lease (no arbitrary or artificial time limits imposed)

Affordable

- Tenants usually pay no more than 30% of income for rent

Features of Permanent Supportive Housing

Flexible Services

- Participation in a “program” is not a condition of residency
- Services are designed project by project for the target population and the housing setting
- Services are flexible and responsive to individual needs

Cost Effective

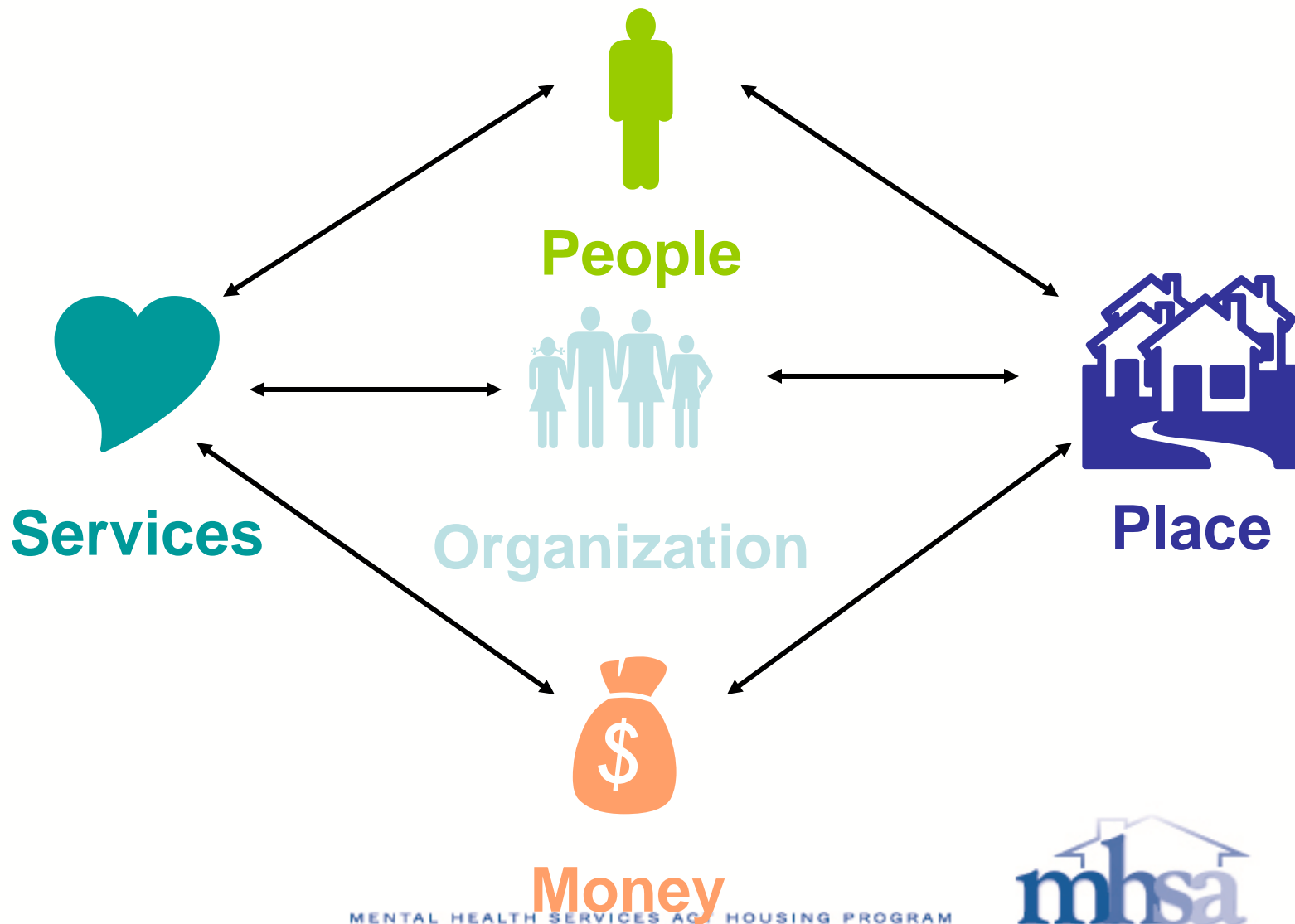
- Costs no more, and often much less, than the cost of homelessness and produces better outcomes than the expensive system of crisis care

Services Make the Difference

- ◉ Flexible, voluntary
- ◉ Counseling
- ◉ Health and mental health
- ◉ Alcohol and substance use
- ◉ Independent living skills
- ◉ Community building
- ◉ Vocational counseling and job placement



Five Core Elements of Any Supportive Housing Project



Memorandum of Understanding and Supportive Services Budget

Memorandum of Understanding (MOU)

- ◉ Provides a clear understanding of the responsibilities of each party involved with the Development.
- ◉ Must include the Developer, Property Manager, Service Provider, and County Mental Health.
- ◉ Final MOU required 120 days prior to Certificate of Occupancy.
- ◉ NOBODY can move into MHSA units without this!

Supportive Services Budget and Narrative

- ◉ Provides the funding for the supportive services necessary to keep MHSA tenants housed.
- ◉ Must be reflective of the approved services plan (Section D).
- ◉ Includes On-site Staff/Client ratio and service cost per unit per year.
- ◉ Signed by County Mental Health, Primary Service Provider, and Developer.
- ◉ Required 120 days prior to Certificate of Occupancy and Annually thereafter.

Capitalized Operating Subsidy Reserve (COSR)

MHSA Capitalized Operating Subsidy Reserve

- ◉ CalHFA has determined final COSR amount; goal is for subsidy to last 20 years.
- ◉ Other subsidies must be applied for on an annual basis and used first, if available.
- ◉ MHSA COSR is capitalized at loan close and held by CalHFA
- ◉ For the benefit of the MHSA resident.

MHSA Capitalized Operating Subsidy Reserve

- ⦿ Eligible costs:

- Only the approved operating costs of MHSA Housing Program units;
- The proportional share of the resident manager's unit, may be subsidized with capitalized operating subsidies;
- The annual servicing fee of 0.42% attributable to the MHSA capitalized operating subsidy units, and a proportionate share of the to the manager's unit.

MHSA Capitalized Operating Subsidy Reserve

- ◉ Other eligible costs may be payable, if funds are available:
 - HCD Multifamily Housing Program (MHP) loan, the 0.42 percent required annual interest payment;
 - Annual bond issuance fees;
 - Reasonable Asset Management Fees and Partnership Management Fees;
 - An annual Operating Reserve deposit;
 - Approved deferred developer fees
 - Service coordinator salaries and benefits attributable to the COSR units.

MHSA Capitalized Operating Subsidy Reserve

- ⦿ Ineligible costs:

- Non-MHSA Housing Program unit costs,
- Supportive Services,
- Amortized Debt Service
- Ground Lease
- Residual Receipts Payments
- Distributions
- Excessive Asset/Partnership Management Fees

MHSA Capitalized Operating Subsidy Reserve

- ◉ **See Hand Outs:**
- ◉ **Borrower's process for receiving initial MHSA COSR disbursement**
- ◉ **1st Year COSR form**
- ◉ **COSR form for years 2 and beyond.**

MHSA Asset Management Requirements

MHSA Asset Management Requirements

- ⦿ **Annual Audit.** Submitted no later than 90 days following end of each Fiscal Year.
- ⦿ **Annual Operating Budget.** Submitted no later than 60 days prior to the beginning of each Fiscal Year.
- ⦿ **Capitalized Operating Subsidy Reserve (COSR) requests.** Submit with Annual Operating Budget. If applicable.
- ⦿ **Annual Physical Inspection.**
- ⦿ **Annual Property and Liability Insurance Certificates.**

MHSA Asset Management Requirements (Cont.)

- ⦿ **Annual Self-Certification Form. Submitted with Annual Audit. Also, needs to be sent to State DHCS and County Mental Health Department.**
- ⦿ **Annual Supportive Service Budget. Submitted with Annual Operating Budget. Must be County Mental Health Department Approved. Also, needs to be sent to State DHCS.**
- ⦿ **Current executed Management Contract**
- ⦿ **Quarterly or Monthly Financials may be required.**

How do I find the MHSA Housing Program?

DHCS webpage:

<http://www.dhcs.ca.gov/services/MH/Pages/MHSAHousing.aspx>

Program Background

Application documents

Application Overview

Semi-Annual Legislative Update, etc.

How do I find the MHSA Housing Program?

CalHFA webpage:

www.calhfa.ca.gov/multifamily/mhsa/index.htm

Shared Housing MHSA Application

Rental Housing MHSA Application

Additional Forms

Checklists